



April 12, 2016

The Honorable Paul Ryan
Speaker
H-232, US Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
H-204, US Capitol
Washington, DC 20515

Dear Speaker Ryan and Minority Leader Pelosi:

On behalf of the Securities Industry and Financial Markets Association (SIFMA), I am writing in support of H.R. 3340, the Financial Stability Oversight Council (FSOC) Reform Act. This legislation will bring much needed transparency and accountability to the FSOC's process for designating financial firms as systemically important financial institutions (SIFIs).

The FSOC was established under the Dodd-Frank Act to monitor the U.S. economy, report to Congress on systemic risk, and designate SIFIs to be subject to heightened prudential regulation by the Federal Reserve. However, the FSOC currently operates in an opaque manner and has shown no real accountability for its SIFI designation determinations – which results in higher costs to consumers, reduced credit available to the real economy, and most recently a designation decision being overruled in federal court. FSOC has consistently failed to disclose the methodology it uses to determine whether or not a financial firm is a SIFI, and it has little incentive to do so since it is funded outside of the Congressional appropriations process. As such, this legislative solution is necessary to enhance transparency of the FSOC's SIFI designation process, which will promote clearer analysis of the methods that the FSOC uses to assess the systemic risks posed by financial firms.

Further, this bill will improve financial risk measurement and management by requiring the Office of Financial Research (OFR) to publish an annual report detailing the progress made in adopting the Legal Entity Identifier (LEI) in the U.S., among other things. The uniform LEI allows financial firms and regulators to more effectively measure and manage counterparty risks – and continued adoption of the LEI will help identify and reduce systemic risks in the financial system.

Thank you for your leadership on this important issue. We look forward to working with you and your staff toward final passage of this legislation.

Sincerely,

A handwritten signature in blue ink that reads "Andy Blocker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andy Blocker
Executive Vice President
Public Policy & Advocacy